



Procurement Services
City Operations
City of Portland, Oregon



To: Councilor Dunphy

From: Sylvester Donelson, Jr., Chief Procurement Officer

Date: April 1, 2025

Subject: Operational Challenges and Benefits of the Proposed Fair Wage Ordinance

Dear Councilor Dunphy,

Policy Background

The City of Portland's previous Fair Wage Policy was established June 5, 1996 by Ordinance number 170222. The Fair Wage Policy applied to all formal service contracts for janitors, security guards, parking attendants and temporary clerical workings and required a minimum wage higher than the State of Oregon's minimum wage.

In 1977, the State of Oregon's Department of Administrative Services (DAS) established the Oregon Forward Program, formerly known as the Qualified Rehabilitation Facility (QRF) Program, which supports meaningful job opportunities for adults living with disabilities. It connects a network of qualified nonprofit providers, Oregon Forward Contractors (OFC), with state and local government agencies to fulfill a variety of products and services, namely Security, Janitorial and Parking Attendant services. The program is intended to encourage and assist individuals by achieving maximum personal independence through productive and gainful employment.

Background on Repeal

The City of Portland repealed Portland City Code 3.99 "Fair Wage Policies" in late 2024 as part of the Charter Reform code review/amendment project, to bring City Code into conformance with the new Charter. City Code, which embedded executive and administrative directions that are now the Mayor's or City Administrator's Charter power, were removed out of City Code to executive policy or administrative rules, which meant City Codes were amended or repealed by the prior Council.

PCC 3.99 prescribed administrative contract requirements upon contractors. PCC 3.99 was viewed as repetitive to the standards established by the State's Oregon Forward program. Additionally, all City of Portland contract templates include standard language providing for yearly adjustment of wages consistent with the Bureau of Labor Statistics' yearly change in the Consumer Price Index. As a result, public contract requirements, terms and conditions were moved into Procurement administrative rules. Repeal of PCC 3.99 was authorized by Ordinance 191973 (passed November 20, 2024, effective January 1, 2025).

Potential Challenges

1. Increased Labor Costs:

- In the long-term, wage requirements for contracts may contribute increased cost-pressures. The significance of these cost pressures is currently unknown, and depend on myriad factors including inflation rates, revenue growth rates, and other cost growth.

2. Price Adjustments:

- Potential price changes may be necessary to maintain compliance based on the annual consumer price index (CPI) formula.

Best regards,

Sylvester Donelson, Jr.
Chief Procurement Officer